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NOMINATIONS OF FRED T. GOLDBERG, JR., JULIAN I. JACOBS, ALFRED H. KINGON, STEPHANIE LEE-MILLER, DAVID C. MULFORD AND DAVID B. ROHR

HEARING

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

SECOND SESSION

ON

NOMINATIONS OF
MR. FRED T. GOLDBERG, JR., TO BE CHIEF COUNSEL OF THE INTERNAL REVENUE SERVICE
MR. JULIAN I. JACOBS, TO BE A JUDGE OF THE U.S. TAX COURT
MR. ALFRED H. KINGON, TO BE ASSISTANT SECRETARY OF THE TREASURY FOR PUBLIC AFFAIRS
MS. STEPHANIE LEE-MILLER, TO BE ASSISTANT SECRETARY OF HEALTH AND HUMAN SERVICES FOR PUBLIC AFFAIRS
DR. DAVID CAMPBELL MULFORD, TO BE DEPUTY UNDER SECRETARY OF THE TREASURY
MR. DAVID B. ROHR, TO BE A COMMISSIONER OF THE U.S. INTERNATIONAL TRADE COMMISSION

MARCH 12, 1984

Printed for the use of the Committee on Finance

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CONTENTS

NOMINEES

	Page
Fred T. Goldberg, Jr	21
Julian I. Jacobs	34
Alfred H. Kingon	25
Stephanie Lee-Miller	6
David Campbell Mulford, M.D	13
David B. Rohr	44

PUBLIC WITNESSES

Wilson, Hon. Pete, a U.S. Senator from California	4

ADDITIONAL INFORMATION

Committee press release	1
Opening statement of Senator Dole	2
Letter from the Office of Government Ethics for Stephanie E. Lee-Miller	9
Résumé of Stephanie Lee-Miller	10
Letter from the Office of Government Ethics for Dr. David C. Mulford	15
Biographical information on Dr. David C. Mulford and answers to questions asked by the committee	16, 17
Letter from the Office of Government Ethics for Fred T. Goldberg	22
Résumé of Fred T. Goldberg	23
Letter from the Office of Government Ethics for Alfred H. Kingon	26
Résumé of Alfred H. Kingon	27
Prepared statement of Senator Charles McC Mathias, Jr	33
Résumé of Julian I. Jacobs	35
Letter and statement of Hon. Dan Rostenkowski	40
Letter from the Office of Government Ethics for David R. Rohr	45
Résumé of David R. Rohr and answers to questions from the committee	46, 347

NOMINATIONS OF FRED T. GOLDBERG, JR., JULIAN I. JACOBS, ALFRED H. KINGON, STEPHANIE LEE-MILLER, DAVID C. MULFORD, AND DAVID B. ROHR

MONDAY, MARCH 12, 1984

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10:09 a.m. in room SD-215, Dirksen Senate Office Building, Hon. Robert Dole (chairman) presiding.

Present: Senators Dole and Danforth.

[The press release announcing the hearing and the prepared statement of Senator Dole follow:]

[Press Release No. 84-125]

FINANCE COMMITTEE SETS HEARING ON NOMINATIONS

Senator Robert Dole (R., Kans.), Chairman of the Committee on Finance, today announced that the Committee would conduct a hearing on Monday, March 12, 1984, on several nominations by President Reagan that have been referred to the Committee.

The hearing will commence at 10 a.m. in room SD-215 of the Dirksen Senate Office Building.

The following nominees will testify at the hearing:

1. Mr. Fred T. Goldberg, Jr. of Bethesda, Maryland, has been nominated to be Chief Counsel for the Internal Revenue Service. Mr. Goldberg currently is a partner in Latham, Watkins & Hills of Washington, D.C. Between July 1981 and December 1982 he served as Assistant to the Commissioner of the Internal Revenue Service and Acting Director, Legislation and Regulations Division of the General Counsel's Office. Previously he was both an associate and partner with his current firm, and an Instructor at Yale College. Mr. Goldberg holds both B.A. and J.D. degrees from Yale University.

2. Mr. Julian I. Jacobs of Baltimore, Maryland, has been nominated to be a judge of the U.S. Tax Court. Since 1967, Mr. Jacobs has been associated with the firm of Gordon, Feinblatt, Rothman, Hoffberger & Hollander and its predecessor; he has been a partner since 1974. From 1961 to 1967 he worked for the Internal Revenue Service, first in the General Counsel's Office and later as a trial attorney. Mr. Jacobs holds a B.A. and an L.L.B. from the University of Maryland, and an L.L.M. from the Georgetown Law Center.

3. Mr. Alfred H. Kingon of New York, New York has been nominated to be Assistant Secretary of the Treasury for Public Affairs. Mr. Kingon currently serves as Assistant Secretary of Commerce for International Economic Policy, a post he assumed in March 1983. From 1973 to 1983 Mr. Kingon served as an editor of Financial World and in 1979 was appointed Editor-in-Chief. From 1980 until 1982 he also served as Editor-in-Chief of Saturday Review. Mr. Kingon has been portfolio manager of The Businessman's Fund, vice president of Scheinman, Hochstin & Trotta, investment advisor of Burnham & Company, and trained as a broker/analyst for Wm. M. Rosenbaum & Co. Mr. Kingon received his B.S. from Union College and attended New York University Graduate School of Business Administration.

4. Ms. Stephanie Lee-Miller of the District of Columbia has been nominated to be Assistant Secretary of Health and Human Services for Public Affairs. From 1981 to 1983 Ms. Lee-Miller served as Special Assistant for Public Affairs in the Office of the Secretary, Department of Commerce. Previously she was co-owner of Contact California, a public relations consulting firm, and from 1973 to 1978 she served as Director of Community Programs for The Coro Foundation. Ms. Lee-Miller received her M.A. in Urban Studies from Occidental College and her B.A. from California State College.

5. Dr. David C. Mulford of Rockford, Illinois, has been nominated as Deputy Under Secretary of the Treasury. Dr. Mulford headed the investment advisers group for the Saudi Arabian Monetary Agency (SAMA) from 1975 until January 1984. Prior to joining SAMA, Dr. Mulford was associated with the investment banking firm White, Weld & Co. from 1966 until its acquisition by Merrill Lynch, Pierce, Fenner and Smith. From 1978 to 1984 Dr. Mulford was a Director of Merrill Lynch. Dr. Mulford received his B.A. from Lawrence University, his M.A. from Boston University, and his Ph. D. from Oxford University.

6. Mr. David B. Rohr of Laurel, Maryland, has been nominated to serve as a Commissioner of the U.S. International Trade Commission. Mr. Rohr has served on the staff of the Subcommittee on Trade of the House Ways and Means Committee since 1974, where he has been staff director since 1980. He formerly served in the Department of Commerce, where he was Director of the Trade Negotiations and Agreements Division from 1970 through 1974. Mr. Rohr possesses an undergraduate degree in the field of business administration from Colorado State University, where he also has engaged in graduate studies.

Statement of Senator Dole

I welcome today our several nominees, their families, and friends. I am pleased to note that, following the pattern of recent nominations considered by the committee, President Reagan again has chosen persons of outstanding qualifications to carry out the Government's responsibilities in the diverse areas represented here.

For the record, we have reviewed the financial disclosure forms of each nominee, and the materials each has filed with the Office of Government Ethics. I am satisfied that there are no problems in this area.

Also, I have received letters from the Director of Government Ethics approving each nominee's compliance with the Ethics in Government Act. Each letter will be made a part of the record.

Let's begin by hearing first from Stephanie Lee-Miller. Ms. Lee-Miller has been nominated to become Assistant Secretary of Health and Human Services for Public Affairs. In this position, she will be the Secretary's principal public affairs advisor and will administer the Freedom of Information Act and the Privacy Act for the department. She will manage an office of about 55 persons in the headquarters staff, with a budget of $2.65 million. She further will indirectly supervise the public affairs efforts of each major division and regional office of HHS which together employ well over 600 people.

The responsibility of the Assistant Secretary for Public Affairs entails more than seeing that press releases are grammatically correct and timely. That office must play an essential, substantive role in the operations of the Department: Ensuring that the people entitled to the Department's services are aware of their availability and know how to gain access to them. The beneficiaries of such programs within the ambit of the Department as Social Security, the Food and Drug Administration, the Public Health Service, and the Administration on Aging are among those in our society least able to gain access to Government assistance designed to improve their lot. A person of dynamism and resourcefulness is required to communicate to these people the help the Department can offer to them.

Fortunately, the President apparently has found such a person in Ms. Lee-Miller. She has been acting in this capacity since last July, and has done a fine job. Prior to assuming her present post, she served for over two years as special assistant for public affairs in the office of the Secretary of Commerce. Before joining the administration, Ms. Lee-Miller managed her own public affairs firm in California, and was director of community programs for the Coro Foundation. She holds a master of arts in urban studies from Occidental College and a bachelor's degree from California State College.

I welcome Senator Wilson, who will introduce the nominee. After his introduction, we will be pleased to hear from Ms. Lee-Miller.

Next, we will hear as a panel three nominations for positions in the Department of the Treasury: (1) Dr. David G Mulford to be Deputy Under Secretary of the Treasury; (2) Mr. Fred T. Goldberg, Jr., to be Chief Counsel of the Internal Revenue Service; and (3) Mr. Alfred H. Kingon to be Assistant Secretary for Public Affairs.

Dr. Mulford will be responsible for most international trade and monetary issues in the position for which he has been nominated. Among the offices reporting to him are those for Trade and Investment Policy, Developing Nations, and International Monetary Affairs. These offices formulate Treasury's position on issues of central importance to this committee in the exercise of its jurisdiction over international trade policy.

Dr. Mulford brings vast experience to his job. He headed the investment advisers group for the Saudi Arabian Monetary Agency (SAMA) from 1975 until January 1984. Prior to joining SAMA, Dr. Mulford was associated with the investment banking firm White, Weld & Co. from 1966 until its acquisition by Merrill Lynch, Pierce, Fenner, and Smith. From 1978 to 1984 he was a director of Merrill Lynch. Dr. Mulford received his B.A. from Lawrence University, his M.A. from Boston University, and his Ph.D. from Oxford University.

Like Dr. Mulford, Mr. Goldberg will bring excellent credentials to his job—one that needs no explanation to this committee. Mr. Goldberg currently is a partner in Latham, Watkins & Hills, of Washington, D.C. Between July 1981 and December 1982 he served as assistant to the Commissioner of the Internal Revenue Service and Acting Director, Legislation and Regulations Division of the General Counsel's Office. Previously he was both an associate and partner with his current firm, and an instructor at Yale College. Mr. Goldberg holds both B.A. and J.D. degrees from Yale University.

Finally, let me welcome again Alfred H. Kingon, who has been nominated to be Assistant Secretary for Public Affairs. This committee less than a year ago approved Mr. Kingon for the position of Assistant Secretary of Commerce for International Economic Policy. I recall our discussion at that time of some differences of opinion between Mr. Kingon and myself over the deficit problem. Mr. Kingon, I hope you are seeking to move to Treasury to help Secretary Regan explain to the public how much he shares our concern about the deficit.

Mr. Kingon also brings a broad background to his job. From 1973 to 1983 he served as an editor of "Financial World" and in 1979 was appointed editor-in-chief. From 1980 until 1982 he also served as editor-in-chief of the "Saturday Review." Mr. Kingon has been portfolio manager of "The Businessman's Fund", vice president of Scheinman, Hochstin & Trotta, investment advisor of Burnham & Co., and trained as a broker/analyst for William M. Rosenbaum & Co. Mr. Kingon received his B.S. from Union College and attended New York University graduate school of business administration.

Do you gentlemen have any statements you wish to make?

Next, we will hear from Mr. Julian I. Jacobs, who has been nominated to be a judge of the U.S. Tax Court. Mr. Jacobs is well-qualified for this important position. Since 1967, he has been associated with the firm of Gordon, Feinblatt, Rothman, Hoffberger & Hollander and its predecessor; he has been a partner since 1974. From 1961 to 1967 he worked for the Internal Revenue Service, first in the General Counsel's Office and later as a trial attorney. Mr. Jacobs holds a B.A. and an L.L.B. from the University of Maryland, and an L.L.M. from the Georgetown Law Center.

For the past 2 years, we on the Finance Committee have been deeply involved in the search for a more rational and fair Tax Code. We also seek ways to simplify and to expedite the administration of the tax laws. The Congress and administrative agencies have a heavy responsibility in both areas. But our efforts would be for naught if the public perceived that judges of the Tax Court were not exerting their best efforts to be fair and impartial.

Thus, among our responsibilities is the duty to review carefully the qualifications of nominees to the Tax Court. I am pleased that Mr. Jacobs appears to meet our high standards. His broad expertise covers a wide range of corporate and invididual tax matters, and he enjoys extensive experience in tax litigation. The experience stems both from the Government and private sector, so that he understands the perspective of both. I am confident that Mr. Jacobs will exemplify the attributes of judicial temperance, competence, and impartiality essential to successful performance as a judge.

Mr. Jacobs, do you have any statement you wish to make?

Last—but certainly not least in importance—we will hear from Mr. David B. Rohr, who has been nominated to be a Commissioner of the International Trade Commission. I have letters from Chairman Rostenkowski and Congressman Gibbons, which I will place in the record, highly recommending Mr. Rohr for this position.

Unfortunately, they both were required to be out of the city and could not be here today.

Mr. Rohr will bring vast experience to the job. He has served on the staff of the Subcommittee on Trade of the House Ways and Means Committee since 1974, where he has been staff director since 1980. He formerly served in the Department of Commerce, where he was director of the trade negotiations and agreements division from 1970 through 1974. Mr. Rohr possesses an undergraduate degree in the field of business administration from Colorado State University, where he also has engaged in graduate studies.

Dave is well-known to many members of this committee from our work with the Ways and Means Committee over the years. I know that he fully understands the importance and trust the Congress reposes in the Commission, and will bear that in mind as he performs his work there.

Dave, do you have any statement you wish to make?

The CHAIRMAN. I welcome today our several nominees and their families and friends. I'm pleased to note that following the pattern of recent nominations considered by the committee, President Reagan has again chosen persons of outstanding qualifications to carry out the Government's responsibilities in the diverse areas represented here.

Let me say for the record that we have reviewed the financial disclosure forms of each nominee, and the materials each has filed with the Office of Government Ethics. I'm satisfied there are no problems in this area. I think counsel on both sides have also checked on areas of concern. If there are any questions, they can be raised at the appropriate time.

Also I have received letters from the Director of Government Ethics approving each nominee's compliance with the Ethics in Government Act. Each letter will be made a part of the record when we consider that particular nominee.

Let me begin the hearing by hearing first from Stephanie Lee-Miller. Ms. Lee-Miller has been nominated to become Assistant Secretary of Health and Human Services for Public Affairs. In this position she will be the Secretary's principal public affairs advisor, and will administer the Freedom of Information Act and the Privacy Act for the Department. She will manage an office of about 55 persons in the headquarters staff, and a budget of $2.65 million. She further will directly supervise the public affairs efforts of each major division and regional office of HHS, which together employ well over 600 people.

In sum, this is a very responsible job. I understand that Senator Pete Wilson is here to introduce the nominee.

Pete, the nominee can come on up, too.

STATEMENT OF HON. PETE WILSON, U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator WILSON. Thank you very much, Mr. Chairman.

It is a great privilege for me this morning to introduce to you the President's nominee to this post of very considerable responsibility. I feel fully confident that Ms. Lee-Miller will bring to it not just the energy of youth, but also the competence that she has demonstrated for the years that she has been involved in public affairs, which is virtually all of the years of her adult life since graduation from college in Los Angeles.

She, thereafter, won a master's degree from Occidental College. I first knew her approximately 10 years ago when she served in the

capacity of the director of public affairs for the Coro Foundation in Los Angeles.

She was an extremely able, extremely energetic spokesperson for the Coro Foundation. She graduated from that experience to become a director of the legal defense and educational fund for the National Association of Advancement for Colored People with responsibility for the southern California area.

After that, she entered the private sector and served a number of private and nonprofit organizations, providing media counseling, advice on marketing and the entire spectrum of public relations and public affairs consulting.

I think that her broad experience in a relatively brief period of time involving public affairs in the capacity of spokesman, both public and private clients, fitted her very well to accept the responsibility which she received when in February of 1981 she left her own business to enter Government service as the Special Assistant for Public Affairs to the Secretary of the Department of Commerce.

She has had outstanding experience in that role. She has provided specialized media and promotional internal consulting for the Secretary, for other Department officials, including the International Trade Administration, the Federal Regional Commissioners, and the Office of Public Affairs. And she has specifically developed and managed a departmentwide national media and promotional campaign which attracted 15,000 American businesses; the Federal seminars on the Export Trading Company Act of 1982.

Mr. Chairman, the nominee's listed achievements is long and distinguished. I think I will simplify it in the interest of your time because I think you have been provided with a very impressive résumé. From my personal observation and based on my personal knowledge of the nominee for at least a 10-year period, she is not only fully qualified to accept this new responsibility, but, indeed, she is, I think, extraordinarily well qualified by virtue of the fact that she has brought to each of her succeeding tasks a zest and an energy and a thoroughness and a competence that I think indicates the seriousness with which she takes her professional responsibilities.

She is a young woman. She is black. That has made her, in many instances, the first to do many things as she has undertaken a number of different roles. She is, I think, one of the more able nominees that I have been privileged to introduce.

In terms of her character, I know her to be intellectually as well as personally honest. I know her to be dedicated. I know her to be extraordinarily hard working. That in addition to her natural gifts, I think, are what have spelled success for her in each of the succeeding ventures in which I have known her.

So with that, Mr. Chairman, I will simply say that it is a great personal pleasure, and not simply the duty of the Senator from the State, to introduce to you the President's nominee for the post of the Assistant Secretary for Public Affairs in the Department of Health and Human Services—Stephanie Lee-Miller.

The Chairman. Well, thank you very much, Senator Wilson. We appreciate that statement of endorsement. The fact that you have known her personally will be most helpful to the committee.

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STATEMENT OF STEPHANIE LEE-MILLER, TO BE ASSISTANT SECRETARY FOR PUBLIC AFFAIRS, DEPARTMENT OF HEALTH AND HUMAN SERVICES

The CHAIRMAN. Stephanie, I understand you have some friends you would like to introduce for the record. We will be very happy to have you do that at this time

Ms. LEE-MILLER. Thank you, Chairman Dole.

First, I would like to introduce my mother, Mrs. Estella E. Lee. She is in the back.

The CHAIRMAN. Why don't you just stand up?

Ms. LEE-MILLER. I would also like to introduce Dr. Louise White, a friend; Mrs. Leola Williams, the president of Delta Sigma Theta, Los Angeles alumnae chapter, who came in for this occasion; Mr. Clifford Allen, Mrs. Vi Curtis Hinton, Ms. Audrey Hinton, Mr. Charles Kline, Jr., Mrs. June Evans, Mrs. Martha Henneghan, Mrs. Alma Cox, Mr. Tom Andrews, Mr. Virkler Legate, Mr. Russ Roberts, Mr. Dan Smith, Ms. Joy Price, and Dr. Maiso Bryant. And I apologize to anyone who may have come in that I didn't see.

Chairman Dole, and distinguished members of the committee, it is indeed an honor and pleasure to be here this morning. I deeply appreciate President Reagan's nomination of me to be Assistant Secretary for Public Affairs at Health and Human Services. I'm particularly honored that Senator Pete Wilson would take time out of his schedule to be with me this morning.

If I am confirmed, I will do my best to live up to the trust that the President and the Senate have placed in me.

Thank you very much.

The CHAIRMAN. Thank you very much. And, again, I welcome your friends. You have a pretty good lobbying group there. [Laughter.]

I have a couple of standard questions I will ask each nominee. The first is, Have you discussed possible conflicts of interest with the committee's chief counsel, Rod DeArment?

Ms. LEE-MILLER. Yes, I have.

The CHAIRMAN. Is there any reason that you know of that would preclude you from serving in the office to which you have been nominated?

Ms. LEE-MILLER. No, there is none.

The CHAIRMAN. I know Senator Wilson may have other commitments. Do you wish to be excused?

Senator WILSON. Excuse me, Mr. Chairman. I do and I thank you for your courtesy.

The CHAIRMAN. We have a photographer on the way up here but I don't know where he is.

We never try to have surprise parties at my hearings. We always try to furnish the witness or the staff with questions that the chairman would address. I think we have indicated to you about four areas that we would like at least to ask for some brief response.

The first question is: The Grace Commission said that the Food and Drug Administration undercharged the private sector for costs associated with responding to Freedom of Information Act requests so that the agency recovers only about 5 percent of its cost. Given the widespread use of the act by companies seeking proprietary

data about their competitors, can you suggest ways to save money in processing these requests?

Ms. LEE-MILLER. Yes, Senator. In fact, in my office now we have a proposed regulation which would increase the fees that are charged to businesses for the purpose of processing freedom of information requests in order to increase the rate of recovery.

The CHAIRMAN. I think it's very important because some of these very large companies, multimillion-dollar companies, don't have nearly the debts that we have in the Federal Government. Even though this may seem to be a small part, I think we have to make certain that where they are seeking the benefit of Government services in this way at least we should recover the cost. It's to their benefit.

My second question is based on one of your essential missions: to communicate to the poor, the disadvantaged, the non-English speaking, the services that HHS offers. What can you suggest to accomplish this mission?

Ms. LEE-MILLER. Well, Senator, when I came on board at Health and Human Services as a consultant prior to this time, one of the first things that I did was to create a Hispanic radio service in order to translate Department press releases and other secretarial initiatives and major programs to the Hispanic community. So we are now receiving between 60 and 100 phone calls a week to our 800 number where radio stations that provide information to the Hispanic community can call in and find out in their own language, Spanish, what is going on at the Department.

The CHAIRMAN. In January, Secretary Heckler announced the formation of the black health task force in response to the report in Health USA regarding the relatively poor state of health suffered by black Americans compared to the population as a whole. This was particularly true of infants. What role will your office play with regard to the task force and related efforts to address this serious problem?

Ms. LEE-MILLER. I was involved personally at Secretary Heckler's request in the initial formation of the health task force, and am continuing to serve as the health task force is needed in terms of providing a public affairs perspective, and also getting information about health care out to the black community on an as needed basis as determined by the task force.

The CHAIRMAN. Finally, the Government warns against smoking because its potential health hazards are widespread and well known. There has been more recent publicity about efforts by your Department in the dietary area, the suggestion being that a proper diet can be a preventive measure against cancer. I am certain you don't know everything HHS may be doing in that area, but I think many people have the feeling they can't eat anything without causing some problems. [Laughter.]

Ms. LEE-MILLER. That's true.

The CHAIRMAN. And in some cases, that might be the recommendation for a few weeks. But in any event, what are you going to do about that?

Ms. LEE-MILLER. Well, we found from a survey that 49 percent of the American public actually believe as you said, that you can't eat anything. That everything causes cancer. And the National Cancer

Institute decided to initial a national promotional campaign to inform Americans what they can do to change their diet. And I was involved in putting together a press conference for the Secretary so she could become personally involved in an area that she feels very committed to. To elevate the entire importance of this national cancer information campaign to the public And we had that press conference last week, and we were successful in elevating the importance of the public knowing that dietary changes can make a difference in the prevention of cancer.

The CHAIRMAN. Do you have any questions, Senator Danforth?

Senator DANFORTH. No, I don't.

The CHAIRMAN. I have no further questions, unless you have additional comments. We do keep an eye on HHS. It's pretty large. We try to keep an eye on some things that happen there, and I assume we will be working with you.

I understand you have not yet discussed your financial statement. There may be other questions that—

VOICE. [Inaudible from audience.]

The CHAIRMAN. Is that one of your witnesses? [Laughter.]

Sounds like Gary Hart. [Laughter.]

I understand you haven't discussed your financial statement with Mike Stern, the minority counsel, Democratic counsel—maybe you could meet with him sometime this morning and go over any records or any questions he may have.

Ms. LEE-MILLER. Sure.

The CHAIRMAN. If there are no further questions, then we appreciate very much your being here.

Ms. LEE-MILLER. Thank you very much, Senator. [Applause.]

[The letter from the Office of Government Ethics and the résumé of Stephanie Lee-Miller follow:]

United States of America
Office of Government Ethics

Office of Personnel Management
Washington, D.C. 20415

JAN 25 1984

Honorable Robert Dole
Chairman, Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Stephanie E. Lee-Miller, who has been nominated by President Reagan for the position of Assistant Secretary for Public Affairs, Department of Health and Human Services (HHS).

We have reviewed the report and have also obtained advice from HHS concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Based thereon, we believe that Ms. Lee-Miller is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

David H. Martin
Director

Enclosure

RESUME

STEPHANIE LEE-MILLER
1704 Verbena Drive, NW
Washington, D.C. 20012
(202) 829-7320
(202) 722-4491

Office of the Assistant
Secretary for Public
Affairs, Department of
Health and Human
Services, Rm. 647-D, HHH
Washington, D.C. 20201
(202) 245-1850

PROFESSIONAL EXPERIENCE:

July 1983
to Present

U.S. Department of Health and Human Services

Assistant Secretary for Public Affairs.

Serves as the Secretary's principal public affairs adviser; provides functional management of public affairs activities throughout the Department; communicates with various segments of the public on behalf of the Department; and administers the Freedom of Information Act.

February 1981
July 1983

U.S. Department of Commerce

Special Assistant for Public Affairs, Office of the Secretary

- Provided specialized media and promotional internal consulting for the Secretary and other departmental officials including International Trade Administration, Federal Regional Commissioners and the Office of Public Affairs.

- Developed and managed a department wide national media and promotional campaign which attracted 15,000 American businesses to federal seminars on the Export Trading Company Act of 1982.

- Designed an outreach program for the Office of the Secretary including computer information retrieval system. Participated in a federal interagency task force which managed promotion of the U.S. participation in the Paris Air Show.

July 1983
February 1981

CONTACT CALIFORNIA
Beverly Hills, California

Managing Partner

- Co-owner of a public relations/public affairs consulting firm providing media relations, marketing and other account services to private companies and non-profit organizations. Managed firm's payroll, investment capital, and hired and fired staff.
- Served as fundraiser for non-profit clients.
- Clients included Atlantic Richfield Company, Golden State Life Insurance Company, and the NAACP Legal Defense and Educational Fund.

July 1973
January 1978

THE CORO FOUNDATION
Los Angeles, California

Director of Community Programs

- Designed and executed public affairs training programs for graduate students, business groups, and civic organizations.
- Wrote proposals and marketed programs to universities and corporations.

EDUCATION:

OCCIDENTAL COLLEGE
Los Angeles, California

1973

Master of Arts in Urban Studies. Work focused on economic and political problems of urban areas. Received scholarship.

1973	THE CORO FOUNDATION Los Angeles, California Certificate in Public Affairs. Selected from among 500 to be one of 24 national Foundation Fellows.
1969-1972	CALIFORNIA STATE COLLEGE Dominguez Hills, California Bachelor of Arts, Psychology.
California Civic Educational, & Charitable Involvements:	o Member, Board of Directors, Los Angeles Chamber of Commerce Women's Division. o Vice Chairperson, Community and Government Affairs Council, United Way. o Member, National Council of Negro Women. o Member, Delta Sigma Theta, public service sorority.
Awards and Honors:	o Outstanding Performance Certificate from Secretary of Commerce, 1983. o Outstanding Young Woman of America, 1981. o Who's Who Among Black Americans, 1980. o Outstanding Young Woman Award, Los Angeles International Soroptimists, 1977. o Who's Who Among American Students in Colleges and Universities, 1968, 1969, 1970.

The CHAIRMAN. I would ask that my statement concerning Stephanie Lee-Miller be made a part of the record.

Next we will hear as a panel three nominations for positions in the Department of the Treasury. Dr. David C. Mulford, to be Deputy Undersecretary of the Treasury; Mr. Fred T. Goldberg, Jr., to be Chief Counsel to the Internal Revenue Service; and Mr. Al Kingon, to be Assistant Secretary for Public Affairs. Dr. Mulford will be responsible for most international trade and monetary issues in the position to which he has been nominated. Among the offices reporting to him are those for trade and investment policy, developing nations and international monetary affairs. These offices formulate the Treasury positions on issues of central importance to this committee in the exercise of its jurisdictional international trade policy.

Dr. Mulford brings vast experience to his job. He headed the investment advisers group for the Saudi Arabian Monetary Agency from 1975 until January of 1984. Prior to joining SAMA and during the first three years of his secondment to SAMA, Dr. Mulford was associated with the investment banking firm of White, Weld and Company from 1966 until its acquisition by Merrill Lynch, Pierce, Fenner, and Smith. From 1978 to 1984, he was a director of Merrill Lynch. He received his B.A. from Lawrence University, his Ph.D. from Oxford.

Like Dr. Mulford, Mr. Goldberg will bring excellent credentials to his job—one that needs no explanation to this committee. Mr. Goldberg currently is a partner in Latham, Watkins and Hills of Washington, D.C. Between July 1981 and December 1982 he served as assistant to the Commissioner of the Internal Revenue Service and Acting Director, Legislation and Regulations Division of the General Counsel's Office.

Finally, Al Kingon, who has been here before, has been nominated to be Assistant Secretary for Public Affairs. Less than a year ago we approved Mr. Kingon for the position of Assistant Secretary for Commerce for International Economic Policy.

We have some outstanding nominees. I have a fuller statement concerning each nominee and will make that a part of the record.

Who wants to start here? Dr. Mulford?

STATEMENT OF DR. DAVID C. MULFORD, TO BE DEPUTY UNDERSECRETARY, DEPARTMENT OF THE TREASURY

Dr. MULFORD. Good morning, Mr. Chairman.

I have a statement which I would like to read into the record with your permission.

The CHAIRMAN. Sure.

Dr. MULFORD. I am honored to appear before this distinguished committee as President Reagan's nominee to the position of Deputy Undersecretary of the Treasury for International Affairs. I come before you cognizant of the importance of this office and am well aware of the important tasks that lie ahead if I am confirmed by the Senate for this post.

Although you have been provided with my biographical information, it may be appropriate to highlight experience I have had that should be useful background for this position. Following my aca-

demic pursuits and experience at the Treasury Department as a White House fellow in 1965 and 1966, I began my career in international investment banking with the firm of White, Weld & Co., serving in both New York and London during the formative years of the Euro-Bond market.

In 1975, I went to Saudi Arabia to establish an investment advisory team at the Saudi Arabian Monetary Agency—referred to as SAMA. SAMA is the central bank of Saudi Arabia, and among its other functions, it is responsible for the investment of Saudi Arabia's large official reserves. Although my service was rendered under a 1975 contract between White, Weld, which was later acquired in 1978 by Merrill Lynch, and SAMA, I served at all times under the direction and control of SAMA. My role was that of purely an advisor. I am proud of the job that we performed for SAMA as well as of the contribution this made to the stability and development of the international financial system.

As you know, my investment banking career has covered a period of radical change in international financial activities. For the past 18 years, I have had broad experience in all major financial markets in the world, as well as with the workings of the international banking system and world currency markets. This experience will contribute markedly to my ability to serve the United States in the period ahead.

I know you are aware that we face a number of complex issues, such as the continuing overhang of massive bank and official debt in a large number of countries, obstacles in dealing with several foreign capital markets, and a variety of trade problems to mention only a few. I believe that my background will allow me to address these challenges successfully in the position to which the President has nominated me.

I am prepared to answer any questions you may have concerning my qualifications for this office, my views on international economic issues, and my background. If confirmed, I look forward to working closely with the Congress to further our national interest and strengthen the international financial system.

Thank you very much.

[The letter from the Office of Government Ethics, the biographical information of Dr. David Campbell Mulford and answers to questions from Senator Dole follow:]

United States of America
Office of Government Ethics

Office of Personnel Management
Washington, D.C. 20415

Honorable Robert Dole
Chairman, Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by David C. Mulford, who has been nominated by President Reagan for the position of Assistant Secretary of Treasury for International Affairs.

We have reviewed the report and have also obtained advice from the Department of the Treasury concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Mr. Mulford is currently working with our Office to place a portion of his securities in a qualified, diversified blind trust.

Based thereon, we believe that Mr. Mulford is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

David H. Martin
Director

Enclosure

TREASURY NEWS
Department of the Treasury • Washington, D.C. • Telephone 566-2041

February 16, 1984

Biographical Information on
David C. Mulford

The White House today announced the President's intention to nominate Dr. David Campbell Mulford to serve as Assistant Secretary of the Treasury for International Affairs.

Mulford, who holds a Doctor of Philosophy degree from Oxford University, headed the investment advisers group for the Saudi Arabian Monetary Agency (SAMA) from 1975 until January 1984. This assignment resulted from a 1975 agreement between SAMA and the investment banking firm White, Weld & Co., with which Mulford was then associated.

Mulford's work with SAMA involved developing an investment program from the beginning of that country's accumulation of funds and the advising on the management of SAMA's portfolio.

Mulford worked for White Weld from 1966 until its acquisition in 1978 by Merrill Lynch. He was head of the White Weld International Finance Group in New York from 1970-74 and also served with the the firm in London. From 1978 to January 1984 he was a Director of Merrill Lynch, Pierce, Fenner and Smith.

Mulford was a White House Fellow during 1965-66--the first year of the program--and served as Special Assistant to the Under Secretary of the U.S. Treasury.

The academic career of Dr. Mulford spanned the years 1955-65, during which he held Woodrow Wilson, Rotary International and Ford Foundation Fellowships. He earned a Master's degree from Boston University in 1962, specializing in African Studies, and also attended the University of Cape Town.

His publications include Northern Rhodesia General Election, 1962 and Zambia: The Politics of Independence, both published by Oxford University Press. Mulford earned a BA in economics (cum laude) from Lawrence University, Appleton, Wisconsin, in 1959.

He was born and raised in Rockford, Illinois, and is 46 years old.

R-2545

March 12, 1984

DAVID C. MULFORD

NOMINEE FOR DEPUTY UNDER SECRETARY FOR INTERNATIONAL AFFAIRS

DEPARTMENT OF THE TREASURY

QUESTIONS AND ANSWERS FOR THE RECORD

18. QUESTION: The so-called debt crisis has highlighted the natural tension between bolstering the liquidity of these countries and promoting the trading interests of the U.S. In light of the massive and growing U.S. trade deficit, what are the limits of U.S. support for policies (in the IMF and otherwise) which sacrifice U.S. exports to the stability of the international financial system? Should the banks which hold these LDC debts be asked to bear a larger share of the burden of these debts through lowered interest charges rather than ask our farmers and manufacturers to absorb these costs through lowered exports? Should U.S. credit guarantees for U.S. agricultural exports be available to countries which do not have liquidity problems, like Korea? Should agricultural credit guarantees be concentrated in countries whose liquidity problems make them less creditworthy and less promising as markets for U.S. exports?

ANSWER: There is no question that the debt crisis has caused a serious decline in U.S. exports to countries with severe debt problems. I am convinced, however, that, absent the policies which the United States has pursued to stabilize the system, the decline in U.S. exports would have been worse and probably more prolonged. As a result of these policies, there now are signs that the worst is over and the export decline is being arrested.

The IMF plays an important role in sustaining international trade flows, including U.S. exports. The adoption of an IMF program enables the borrower to obtain additional financing and thus permits higher levels of imports than would otherwise be possible. Moreover, the IMF encourages adoption of market oriented trade policies to replace the quotas and other quantitative restrictions which can close foreign markets to U.S. exporters. The IMF's record indicates that nearly 80 percent of recent Fund programs provided for increased imports in the first year of the program compared to the two preceding years.

As regards the banks, their participation with governments and the international lending institutions in reschedulings and provision of new credits has been an integral part of the U.S. strategy for dealing with the debt situation. Nevertheless, at this time we hesitate to interfere with the market mechanism for the setting of rates lest willingness by the banks to lend be diminished at the critical time. In this connection, however, it's worth noting that bank interest charges are coming down for some major debtor countries. Two examples that come to mind are Mexico and Yugoslavia, where spreads charged by banks for new credits have narrowed over the past year.

The CCC credit guarantee program is designed both to promote and to maintain U.S. agricultural markets. That is its legislative mandate. Hence, there can be a place for CCC credits to open (or hold against foreign competition) markets in countries which do not have liquidity or debt problems. By the same token, CCC credits can be appropriately used to prevent loss of markets in debtor countries which would otherwise be unable to pay for imports of U.S. farm products.

8. QUESTION: How should issues be divided between the SIG-IEP and the TPC? Where issues are properly within the jurisdiction of both groups, which should make the final decision?

ANSWER: The Trade Policy Committee (TPC), as its legislative mandate specifies, has jurisdiction over trade policy decisions. The SIG-IEP was created by the National Security Council in this Administration as a forum in which, at the Cabinet level, issues with economic as well as national security and foreign policy implications could be considered. The SIG-IEP thus represents a healthy development, which avoids the compartmentalization of issues that need a broader perspective. There is, of course, overlap between the TPC and the SIG-IEP; but they need not compete and I do not believe that they do.

8. 3. QUESTION: Do you favor subsidized export financing in cases where our trade partners fail to abide by terms of the Arrangement on Export Credits?

ANSWER If our trade partners fail to abide by the terms of the Arrangement, we should be ready to take an aggressive posture. However, we have found that most OECD countries rarely, if ever, offer financing which violates the Arrangement.

In addition the Administration has taken an aggressive stand in matching foreign subsidized financing, even when such foreign financing is in conformity with the terms of the Arrangement. We are making a major effort to reform the Arrangement to increase the amount of export credit discipline that it places upon its Participants.

4.
QUESTION: 9. In light of your role as financial adviser to the Saudi Arabian Monetary Agency (SAMA) during approximately nine years, will you abstain from dealing with any Saudi Arabian financial matter at Treasury?

ANSWER: As my role at SAMA was limited to investment advice on the overseas investment of SAMA funds, there is no reason for me to recuse myself from Treasury matters involving Saudi Arabia. Nonetheless, to the extent that I have any confidential information derived from my work for SAMA, which information affects a particular matter before the Treasury, I will consult with the General Counsel of Treasury to determine whether it is necessary for me to recuse myself from that matter.

5. QUESTION: Do you believe that investment in the United States by foreign governments should be treated differently from other foreign investment?

ANSWER: The United States welcomes foreign direct investment and expects investors -- whether public or private -- to behave like any other U.S. firms. Aside from the well-known national security exceptions, we have no investment barriers. There are no barriers of any sort based on whether private or public interests own the parent firms of investors in the United States. The Committee on Foreign Investment in the United States (CFIUS), which Treasury chairs, has requested that foreign governments contemplating direct investments in the U.S. notify us in advance of such investments.

6. QUESTION: In the light of the massive and growing trade imbalance would you propose any reforms in the system of floating exchange rates or any other measure which could help to reduce this imbalance.

ANSWER: The current exchange rate system has operated reasonably well at a time of severe strain in the world economy. Clearly, there have been some difficulties although these problems are due largely to uneven or perhaps inadequate economic performance among some of the major industrial countries rather than shortcomings in exchange rate arrangements. As a follow-up to the Williamsburg Summit, studies have been initiated on possible improvements in international monetary arrangements. These studies aim at strengthening the current system by promoting the sound economic policies and performance necessary for exchange rate stability, rather than seeking a major restructuring of exchange rate arrangements, including perhaps return to a fixed rate system.

STATEMENT OF FRED T. GOLDBERG, JR., TO BE CHIEF COUNSEL, INTERNAL REVENUE SERVICE

The CHAIRMAN. Mr. Goldberg.

Mr. GOLDBERG. Mr. Chairman, members of the committee, I am well aware of the other demands being made on your time right now, and I very much appreciate your prompt scheduling of this hearing. Because of these other demands, I will keep my remarks as brief as possible.

Prior to assuming my most recent position with Latham, Watkins and Hills, I served as an Assistant to the Commissioner of Internal Revenue from July 1981 until December 1982. Between June and December 1982, I also acted as Director of the Legislation and Regulations Division of the Office of Chief Counsel at IRS. In these capacities, I frequently dealt with a number of members and staff of this committee on a wide variety of issues, and am therefore particularly honored to appear before you today as Chief Counsel designate of the Internal Revenue Service.

I pledge to this committee, as I have pledged to the administration, that to the best of my ability, I will faithfully execute my duties as Chief Counsel with the Internal Revenue Service in the fair and vigorous enforcement of our Internal Revenue laws.

I would be pleased to answer any questions you and other members may have.

[The letter from the Office of Government Ethics and the résumé of Fred T. Goldberg follow:]

United States of America
Office of Government Ethics

Office of Personnel Management
Washington, D.C. 20415

MAR 6 1984

Honorable Robert Dole
Chairman, Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Fred T. Goldberg, Jr., who has been nominated by President Reagan for the position of Chief Counsel of the Internal Revenue Service, Department of the Treasury.

We have reviewed the report and have also obtained advice from the Department of the Treasury concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. The letter of February 27, 1984 from Margery Waxman, Deputy General Counsel, Department of the Treasury, has been incorporated into and by reference made a part of the financial disclosure report. Based thereon, we believe that Mr. Goldberg is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

David H. Martin
Director

Enclosure

FRED T. GOLDBERG, JR.

Latham, Watkins & Hills
1333 New Hampshire Ave., N.W.
Washington, D.C. 20036
(202) 828-4400

6129 Durbin Road
Bethesda, Maryland 20817
(301) 229-5805

Date of Birth: October 15, 1947

Married to Wendy M. Goldberg (7/77)
Children: Rachel (4), Benjamin (2)
Samuel (5 mos.), Jacob (5 mos.)

EMPLOYMENT

12/82 - present	Partner, Latham, Watkins & Hills
7/81 - 12/82	Assistant to the Commissioner of Internal Revenue
6/82 - 11/82	Acting Director, Legislation and Regulations Division, Office of Chief Counsel, Internal Revenue Service
2/81 - 7/81	Partner, Latham, Watkins & Hills
6/73 - 1/81	Associate, Latham, Watkins & Hills
9/71 - 6/73	Instructor, Political Science and Economics Courses, Yale College; Assistant Dean, Calhoun College, Yale University
1/70 - 12/70	Special Assistant to the Assistant Director of the Office of Economic Opportunity for Programs, Planning and Evaluation

EDUCATION

Legal:	Yale University, J.D. 1973. Editor, Yale Law Journal (1972/73)
College:	Yale University, B.A. 1969, cum laude in economics
Preparatory:	St. Louis County Day School, St. Louis Missouri

FRED T. GOLDBERG, JR (cont.)

PROFESSIONAL, OTHER ACTIVITIES

Member, Committees on Administrative Practice and Formation of Tax Policy, Tax Section, American Bar Association

Member, Board of Trustees, The Washington Opera

Member, Board of Trustees, The Stone Trust Corporation

HONORS

Commissioner's Award, presented by the Commissioner of Internal Revenue, December 1982

Chief Counsel's Award, presented by the Chief Counsel, Internal Revenue Service, December 1982

LECTURES AND PUBLICATIONS (Partial Listing)

"Current Planning Opportunities Using Cash and Accrual Methods of Accounting", speech at the 33rd Annual Denver Tax Institute, July 1983

Panelist, "The Role of Sanctions in Improving Taxpayer Compliance", ABA Invitational Conference on Tax Compliance, March 1983

"A Walk Through Withholding", speech at the annual meeting of the Credit Union National Association, February 1983

Panelist, "The TEFRA Compliance Provisions", 13th Annual Boston University Tax Institute, January 1983

"Tax Policy and the Theater Arts", speech at the annual meeting of the trade association of principal north, central and south American opera companies (1981)

Note, "Equalization of Municipal Services, The Economics of Serrano and Shaw", 82 Yale L.J. 89 (1972); reprinted in Ackerman, Bruce, ed., Economic Foundations of Property Law 247

STATEMENT OF ALFRED H. KINGON, TO BE ASSISTANT SECRETARY FOR PUBLIC AFFAIRS, DEPARTMENT OF THE TREASURY

Senator DANFORTH. Mr. Kingon.

Mr. KINGON. Thank you, sir.

May I first thank the distinguished Chairman and Senators of this committee as well as their staff for holding this hearing so quickly, and for according me the fullest courtesy and cooperation.

I expect that my role at Treasury will be a dual one. In the policy planning area the Secretary has expressed the thought, and I hope that with a small staff, by means of dialog and study with other policymaking departments at Treasury, interviews and studies with members of the investment banking, commercial banking, and brokerage communities, as well as with members of the academic community, to discern critical issues that will emerge as top priority beyond the next year or so.

Since current events so completely dominate today's policymakers, little or no thought is given to potential issues that will dominate in future years. The Secretary and I hope that by preidentifying these potential problems we can begin at least to prepare for them, and by so doing, be more effective in our ability to deal with them when they eventually do manifest.

Additionally, it is planned that I will have the responsibility of supervising the Public Affairs Office of the Department. In that capacity, I hope to continue the fine tradition of keeping the media, other public officials, and the public at large fully informed on the activities of the various bureaus and office of the Treasury.

Unlike the job for which hearings were held a year ago at Commerce, this is a staff position, basically, and not a line position. Therefore, there is no particular philosophical point of view or policy or program that I can assure the committee that I would want to follow. All I can do is express to the committee, and all Senators, my determination to serve the Secretary, the Department, and all elected representatives to the best of my ability.

Thank you very much.

The CHAIRMAN. Thank you.

[The letter from the Office of Government Ethics and the résumé of Alfred H. Kingon follow:]

United States of America
Office of Government Ethics

Office of Personnel Management
Washington, D.C. 20415

MAR 6 19[illegible]

Honorable Robert Dole
Chairman, Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Alfred H. Kingon, who has been nominated by President Reagan for the position of Assistant Secretary for Policy, Planning and Communications, Department of the Treasury.

We have reviewed the report and have also obtained advice from the Department of the Treasury concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Based thereon, we believe that Mr. Kingon is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

David H. Martin
Director

Enclosure

CURRICULUM VITAE

Alfred H. Kingon
2 Primrose Street
Chevy Chase, Md. 20815

Born: 5/11/31
Health: Good
Married
One Son: 18

WORK EXPERIENCE

March 1982 - Assistant Secretary for International Economic Policy, Department of Commerce. In charge of the analysis of international trade/investment policies, and handling of International Trade Administration activities, related to specific countries and regions. Works closely with the Office of the United States Trade Representative to formulate U.S. government responses to key current issues in international trade relations, as well as with other government agencies to develop U.S. negotiating positions on international economic trade and investment issues bilaterally, multilaterally, and in international bodies such as GATT, the OECD, and UNCTAD. My area plays a major role in monitoring multilateral trade agreements.

1971-Feb. 1983 MACRO COMMUNICATIONS, INC. (150 East 58 Street, New York, N.Y. 10155). Editor-in-Chief of all publications.

1970-1973 Editor of MONEY & CREDIT and author of this highly successful macro-economic newsletter. After March 1973, supervised other's preparation of this letter until it was sold in 1979.

1973-1983 Editor-in-Chief of FINANCIAL WORLD. Serving as full-time editor of this 80-year-old magazine, engineering its turn-around from a 24-page non-color weekly to an important national magazine for institutional and individual investors. Responsible for the developing and breaking of major news stories. Since April 1979, serving as Editor-in-Chief of this magazine, guiding its overall direction and supervising the staff I assembled.

1980-1982 Served as Editor-in-Chief of SATURDAY REVIEW. Played key role in reorganizing and restructuring the nearly moribund general interest magazine, refocusing it as a news magazine of literature and the arts. While the editorial product was well received, advertising revenues were not generated quickly enough to warrant the magazine's continuation. It was closed in August 1982.

1969-1971 — THE BUSINESSMAN'S FUND (Formerly The McDonnell Fund) Served as portfolio manager of this stock mutual fund. Generally performed in top 20% of all funds. The Fund's management company was owned by the brokerage firm that promoted me to the job. I had full and total responsibility for this $40-million portfolio.

1967-1969 — SCHEINMAN, HOCHSTIN & TROTTA, a member firm of the New York Stock Exchange. Joined them first as a security analyst, and within one and a half years was Vice President and Director of Research, having overall responsibility for preparing the firm's economic outlook, investment strategy, and supervising the analysts' selection of securities. The firm had ten offices and several hundred brokers.

BURNHAM & CO. (now Drexel, Burnham, Lambert). Served in the investment advisory arm of this international investment banking and brokerage house. Assisted in the investment supervision of foreign and domestic portfolios totalling between $200- and $300-million.

WM. M. ROSENBAUM & CO. Trained at this member firm of New York Stock Exchange that cleared through Loeb Rhoades. Trained as a broker/analyst and assisted the senior partner in research as well as being a broker.

EDUCATION

NEW YORK UNIVERSITY GRADUATE SCHOOL OF BUSINESS ADMINISTRATION (1956-1961) Courses in accounting, economics, investments, and finances.

UNION COLLEGE, SCHENECTADY, NEW YORK (1949-1953). B.S. Majored in psychology and social sciences.

OTHER ACTIVITIES

PRESIDENT'S PRIVATE SECTOR SURVEY FOR COST CONTROL TASK FORCE (1982). Appointed as a member of the Executive Committee by President Reagan in May 1982.

PRESIDENT'S NATIONAL PRODUCTIVITY ADVISORY COMMITTEE (1982). Appointed as a member of the Committee by President Reagan in January 1982.

NANNES COLLEGE OF MUSIC, NEW YORK (1981-1983). Member of the Board of Trustees. Previously served as Chairman of the Parent's Committee of the Preparatory School.

LITTLE RED SCHOOL HOUSE AND ELIZABETH IRWIN HIGH SCHOOL, NEW YORK (1978-1981). Member of the Board of Trustees. Chaired several committees.

The CHAIRMAN. I think first I will just ask each nominee two basic questions. We have additional questions.

Mr. Mulford, you discussed possible conflicts of interest with the committee's chief counsel, Rod DeArment. Have you consulted with the minority staff, Mike Stern?

Dr. MULFORD. Yes, I have, Mr. Chairman.

The CHAIRMAN. Mr. Goldberg, the same question.

Mr. GOLDBERG. Yes, sir.

The CHAIRMAN. Mr. Kingon?

Mr. KINGON. Yes, sir.

The CHAIRMAN. Second, is there any reason that you know of which would preclude you from serving the office to which you have been nominated?

Dr. MULFORD. There is no reason, Mr. Chairman, that I know of.

The CHAIRMAN. Mr. Goldberg, the same question.

Mr. GOLDBERG. No, sir.

The CHAIRMAN. Mr. Kingon, the same question.

Mr. KINGON. No.

The CHAIRMAN. Now, Mr. Mulford, what role should U.S. trade policy play in U.S. tax policy, and how active will you be in coordinating this role, if any, both within the Treasury and in the Trade Policy Committee?

Dr. MULFORD. Well, that covers a vast area.

The CHAIRMAN. Right.

Dr. MULFORD. And there is, of course, a separate tax area in the Treasury. Taxation matters do, of course, have an important bearing on international relationships. And I'm sure these types of issues will come across my desk. When they do, I will focus on them on a case by case basis.

The CHAIRMAN. Senator Danforth, do you have any questions?

Senator DANFORTH. Yes, I do, Mr. Chairman.

Dr. Mulford, you were for 9 years the financial advisor to the Saudi Arabian Monetary Agency. It's my understanding that in your new job you will be responsible for administering antiboycott legislation. Is that correct?

Dr. MULFORD. Well, certainly, I will be aware of what is going on in that area. Whether I am actually responsible for administering it, I can't answer. I don't have enough knowledge yet of the job.

Senator DANFORTH. In your previous job were you called upon to comply with the Arab boycott of Israel?

Dr. MULFORD. I was not called upon to comply with it or enforce it.

Senator DANFORTH. Did you have any role with respect to the boycott, the Arab boycott of Israel?

Dr. MULFORD. None whatsoever.

Senator DANFORTH. Do you see any possible conflict, maybe not legal, but moral conflict, in your past role as advisor to the Saudi Arabian Monetary Agency and your new role at the Treasury Department?

Dr. MULFORD. I don't see any conflict there. The role I played in Saudi Arabia as advisor to SAMA was entirely devoted to investment questions that were, again, entirely concerned with external investment to Saudi Arabia. That is to say, the receipt of non-Saudi currency and its investment around the world, and not deep in-

volvement with the Saudi domestic government or domestic operations there.

I, therefore, feel that the knowledge and experience gained in that position should be useful to me in the Treasury position because I was afforded for a certain period of time a unique view of world capital markets and of the individual capital markets of important participants in the world economy.

Senator DANFORTH. Well, there is something called the United States-Saudi Joint Commission. I frankly don't know exactly what it is, but I believe that your new job includes some role with respect to it.

Dr. MULFORD. That is correct. It forms one of the deputates under my direction. The joint Saudi-United States Commission concentrates, as I understand it, on a wide variety of domestic Saudi programs. I was aware of its existence while I was living there, but I had no contact with it. And as I said before, my focus has been on external investment of Saudi revenues. So that on balance I would say that I bring a general knowledge of Saudi Arabia to the job, and that should be useful to the joint United States-Saudi Commission.

Senator DANFORTH. Thank you, Mr. Chairman.

The CHAIRMAN. I have some other additional questions that I am going to submit in writing, but I want to just pursue the one that Senator Danforth indicated.

I think you stated rather clearly for the record that there is some concern with your role with the Saudis that undermine your ability to fulfill your public trust to pursue the interest of the United States in matters involving Saudi Arabian financial matters.

In light of your access at Treasury to sensitive financial information bearing not only on your former employer, but on the U.S. Government policies and practices, would you tell this committee whether you expect to resume any close association with SAMA following your Treasury career?

Dr. MULFORD. I have no intention of resuming relationships with SAMA, or, indeed, with Saudi Arabia.

The CHAIRMAN. Do you believe you can carry out the responsibilities of your office without favoring the interests of your former employer?

Dr. MULFORD. I believe I can.

The CHAIRMAN. I think you responded to Senator Danforth's question to the effect that in your role as advisor to SAMA—did you ever comply with the Arab boycott of Israel?

Dr. MULFORD. No. As I stated earlier, I have not complied with the Arab boycott.

The CHAIRMAN. Were you ever asked to comply?

Dr. MULFORD. Nor was I at any time asked by the agency to comply with the boycott.

The CHAIRMAN. I do have some additional questions that I will submit in writing. The quicker the response, the quicker we can move on the nomination. There may be additional questions from other members who could not be here this morning.

The CHAIRMAN. Do you have questions of Mr. Goldberg?

Senator DANFORTH. Yes, I do, Mr. Chairman.

I was interested to see that Senator Wilson presented the previous nominee to the committee, and Senator Wilson, of course, is a well known alumnus of St. Louis Country Day School, as is Senator Eagleton and as am I. Looking over the résumé of Mr. Goldberg, I see that he is too—although he is one of the younger generation, one of the new generation we have been hearing so much about. I was interested in knowing, Mr. Goldberg, do you feel that your education at St. Louis Country Day School prepared you for the job you are about to enter?

Mr. GOLDBERG. Yes, sir. It puts me in a very fine tradition. I would also like to express some pride and also my apologies for the rather vocal peanut gallery I have brought along here this morning. [Laughter.]

Senator DANFORTH. Well, you have an excellent record. It is blemished by your attendance at Yale College, but recouped by your attendance at Yale Law School. [Laughter.]

Mr. GOLDBERG. Thank you, Senator.

Senator DANFORTH. We are delighted you are here. I think you are imminently qualified.

Mr. GOLDBERG. Thank you.

The CHAIRMAN. Do you have any other searching questions? [Laughter.]

I failed to ask the nominees earlier if they wished to introduce anyone accompanying them—although one family has already been introduced. They introduced themselves. [Laughter.]

Is there anyone you would like to introduce for the record, Mr. Mulford, Mr. Goldberg?

Dr. MULFORD. No, there is not, Mr. Chairman, thank you.

The CHAIRMAN. Mr. Goldberg.

Mr. GOLDBERG. They have taken care of it quite adequately. [Laughter.]

The CHAIRMAN. Al, do you have anybody?

Mr. KINGON. No, sir, I don't.

The CHAIRMAN. Mr. Goldberg, you were closely involved in the development of the tax compliance legislation enacted in TEFRA. Do you think we can make continued progress in tax compliance to close up some of these compliance loopholes with TEFRA legislation?

Mr. GOLDBERG. My personal well ran dry last time around, Senator. I think that a great deal of progress was made in 1982. First and foremost it is incumbent upon the Service to make full and vigorous use but also wise and fair use of those tools that have been provided. I think that is the principal responsibility of the institution right now. There may, however, be specific areas where additional legislation would be appropriate.

The CHAIRMAN. Many of us think we are getting to the point where we need more employees. Not IRS agents out harassing people, but just employees who can match some of the filing material that we need to match, to see if the numbers add up. You know, we had the withholding battle earlier last year. Maybe we just need more assistance to enforce laws that are already on the books. Do you have any view on that? In fact, we have been trying to help you get more employees.

Mr. GOLDBERG. As you are aware, Senator, the audit coverage for the coming year is projected to be 1.36 percent, a rather precipitous decline from historical levels. By the same token, I think that there are a large number of budget problems that the Congress and the administration are confronting. And I think it's important to balance those considerations.

The CHAIRMAN. From time to time Congress passes legislation to close down a loophole inadvertently opened by an IRS private letter ruling or ruling issued by another Treasury agency. One example is the treatment of cover-over payments for redistillation processes in Puerto Rico, which has gotten to be a big, big problem. We had the Governor up here pleading with us while we all voted against it.

Do you think the IRS would be better able to administer private letter rulings if taxpayers were required to disclose the amount of taxes they will save from a favorable ruling and forbidden from relying on a favorable ruling for a greater amount than they disclose to the IRS?

Mr. GOLDBERG. I think as a practical matter that would create substantial administrative difficulties. Second, I think it is inappropriate to administer the laws solely with the view to their potential revenue impact. The Congress sets the laws; our responsibility is to enforce them.

Third, and most importantly, the private letter ruling program does not create precedent, does not create the law. I think it's incumbent upon us to make clear that we have the freedom and indeed the responsibility to change our mind and fix the problems as we go along.

The CHAIRMAN. I recently was looking at a ruling on a tax seminar that some minister—I'm trying to remember the ruling, eighty-three something—where he is being mistreated apparently. I have sent for it. Maybe I can ask you about it after I get it to see whether or not we need some transition rule. But it's something about their living quarters and deducting things when they don't have any expense. But I will get the information.

What do you think of the Grace Commission's recommendation to require all tax court cases involving less than $10,000 to be considered under the simplified small tax case procedure?

Mr. GOLDBERG. The small tax case procedure, as you may know, is a glimmer of hope today in the sense that that program is working very well. The number of case dispositions exceeds new cases coming into the system. And I think that the proposal to increase that level from $5,000 to $10,000 is a welcome suggestion.

The CHAIRMAN. Do you have any other suggestions for reducing the tax court's backlog of cases?

Mr. GOLDBERG. In the short run, very serious consideration should be given to increasing the number of special trial judges, perhaps as part of increasing the small case threshold from $5,000 to $10,000. Second, I think that both the Chief Counsel's office in Internal Revenue and the Tax Court should pay increased attention to the need to manage more efficiently the case load.

The CHAIRMAN. Mr. Kingon, would you play a long-term policy role in your new position, as well as dealing with public relations issues? I think you respond to that in your statement.

Mr. KINGON. Yes. I can elaborate on that, if you would like me to. The Secretary has asked me to look at two areas. One is the public affairs role, and, two, to establish, if we could, with a very small staff a team that would try to discern what will be the hot items, if you will, on the agenda in 1985, 1986, and 1987. There is precious little time to do much advance planning for them. And the Secretary thought that if we could somehow isolate a handful of people to probe not only the Department itself but also members of the banking and brokerage and academic think-tank we would begin to discern some of the issues that might descend on us in future years.

The CHAIRMAN. I may have additional questions for Mr. Mulford. I don't believe there are additional questions for Mr. Goldberg, and I have none for Mr. Kingon. Do you have any questions, Mr. Kingon?

Mr. KINGON. No, I don't.

The CHAIRMAN. If not, there may be additional questions from members who could not be present. We appreciate very much your coming, and we will move as quickly as we can on the nominations. We will submit those questions today.

Thank you very much.

Next we will hear from Mr. Julian Jacobs, who has been nominated to be judge of the United States Tax Court. I would also at this time include a statement from Senator Mathias in support of the nomination. He could not be here this morning, but he urges the committee to approve this nomination. I assume we will.

[The statement from Senator Mathias follows:]

STATEMENT OF SENATOR CHARLES McC. MATHIAS, JR., CONFIRMATION HEARING: JULIAN I. JACOBS

Mr. Chairman, I firmly endorse the Administration's nomination of Julian I. Jacobs of Maryland to be a Judge of the United States Tax Court.

Mr. Jacobs' career in public and private practice has provided him an exceptional preparation for the duties for which he has been nominated. With four years' experience in the Internal Revenue Service, Mr. Jacobs moved on to a distinguished career in private practice. He has litigated major tax cases in the Maryland State Tax Court, the Maryland Court of Special Appeals, and the United States Tax Court. In addition, Mr. Jacobs has had considerable training in accounting and advanced legal education in taxation.

Mr. Jacobs' talents have been recognized by the legal community. Appointed to two special Tax Study Groups in recent years by the Maryland General Assembly, Mr. Jacobs also served as Chairman of the Maryland Tax Court Study Commission in 1978. At present he is a member of a gubernatorial commission studying a comprehensive reorganization of Maryland's Tax Code.

I am impressed with the quality of this appointment and the prospects of excellent service Mr. Jacobs will bring to the U.S. Tax Court. I urge the Committee to approve this nomination.

The CHAIRMAN. I will put in place in the record additional information concerning Mr. Jacobs. He is well qualified for this important position, having been an active practitioner for a number of years.

For the past 2 years, we on the Finance Committee have been deeply involved in the search for a more rational and fair tax code. We also seek ways to simplify and to expedite the administration of the tax laws. The Congress and administrative agencies have a heavy responsibility for this. But our efforts would be for naught if

the public perceived that judges of the Tax Court were not exerting their best efforts to be fair and impartial.

Thus, among our responsibilities is the duty to review carefully the qualifications of nominees to the Tax Court. I am pleased that Mr. Jacobs appears to meet our high standards. His broad expertise covers a widge range of corporate and individual tax matters, and he enjoys extensive experience in tax litigation. This experience stems from both the Government and the private sector, so he understands the perspective of each.

I am confident that Mr. Jacobs will exemplify the attributes of judicial temperance, competence, and impartiality essential to successful performance as a judge.

Mr. Jacobs, do you have any statement you would like to make?

STATEMENT OF JULIAN I. JACOBS, TO BE JUDGE OF THE UNITED STATES TAX COURT

Mr. JACOBS. Yes, I do. I would like to merely say that I'm grateful and honored to be nominated by the President. And that if I am confirmed, I will use every endeavor to justify that confidence.

The CHAIRMAN. Thank you very much.

[The résumé of Julian I. Jacobs follows:]

JULIAN I. JACOBS

OFFICE: 1200 Garrett Building
233 East Redwood Street
Baltimore, MD 21202
(301) 576-4019

Born: August 13, 1937
Excellent Health

Separated, two children

EDUCATION:

B.A.	University of Maryland, 1958.
L.L.B.	University of Maryland Law School, 1960. Member, Editorial Board of Law Review.
L.L.M.	(Taxation) Georgetown Law Center, 1965.
Other	Beginning, Intermediate and Advanced Accounting courses taken at Johns Hopkins University, 1974-1976. Audit and Cost Accounting courses taken at University of Baltimore, 1977-1979.

LEGAL EXPERIENCE:

Present-1974	Partner - Gordon, Feinblatt, Rothman, Hoffberger & Hollander, Baltimore, MD.
1974-1972	Associate - Gordon, Feinblatt, Rothman, Hoffberger & Hollander, Baltimore, MD.
1972-1969	Associate - Hoffberger and Hollander, Baltimore, MD.
1969-1967	Associate - Weinberg and Green, Baltimore, MD.
1967-1965	Trial Attorney, Regional Counsel's Office, Internal Revenue Service, Buffalo, NY.
1965-1961	Attorney, Legislation and Regulations Division, Chief Counsel's Office, Internal Revenue Service, Washington, D.C.

RECENT LITIGATING EXPERIENCE:

U.S. District Court for the District of Maryland and the U.S. Court of Appeals for the Fourth Circuit -- In Re Joel Kline, Bankrupt, 403 F.Supp. 974 (1975), aff'd per curiam, 547 F.2d 823 (1977). The issue involved was whether certain sanctions denominated (in the Internal Revenue Code) as "taxes" constituted "penalties" within the purview of Section 57j of the Bankruptcy Act.

U.S. Tax Court -- Levenson & Klein, Inc., 67 T.C. 694 (1977). The issues involved were the reasonableness of officer compensation, the deductibility of rent and the deductibility of legal and professional fees.

Court of Special Appeals of Maryland -- Angelos v. Maryland Casualty Co., 380 A.2d 646 (1977). This case involved the priority of competing claims to excess funds realized on a mortgage foreclosure sale.

Maryland Tax Court and Circuit Court of Anne Arundel County -- Naval Academy Athletic Association v. Comptroller of the Treasury (1977). The issue involved was whether the intercollegiate athletic program at the U.S. Naval Academy served an educational purpose, in which event certain gate admission receipts received by the Athletic Association were exempt from the Maryland admissions tax.

Maryland Tax Court -- The Great Atlantic and Pacific Tea Company (1979). This case involved the valuation of property for real property tax assessment purposes.

Maryland Tax Court; The Baltimore City Court; and Court of Appeals of Maryland -- Quotron Systems, Inc. v. Comptroller of the Treasury, 411 A.2d 439 (1980). The issue involved was whether monthly fees paid to a company for financial information services, and for a computer hardware system upon which to receive those services, were subject to the Maryland use tax.

APPOINTMENTS:

Chairman, Maryland Tax Court Study Commission. Appointment made by Acting Governor Lee pursuant to Joint Resolution No. 30 of the 1978 Maryland General Assembly. The Commission (consisting of representatives from various branches of State government, the bar, accountants and the public) was charged with the duty of determining whether the Maryland Tax Court (presently a part-time administrative agency) should be made a constitutional court, and to consider matters related thereto. The Commission issued its report in January, 1979.

Member, Special Study Group formed under Joint Resolution No. 19 of the 1980 Maryland General Assembly. This Study Group (consisting of representatives from various branches of State and local governments, the bar, accountants and the public) was formed to consider the enactment of legislation to permit the filing of consolidated corporate income tax returns for State income tax purposes.

Member, Special Study Group formed under Joint Resolution No. 20 of the 1980 Maryland General Assembly. This Study Group (consisting of representatives from various branches of State and local governments, the bar, accountants and the public) was formed to consider the enactment of legislation to repeal the State business personal property tax.

Member, Rules Committee of the Maryland Tax Court (1980-present).

Member, Special Committee appointed by Governor Hughes to undertake the reorganization and recodification of Article 81 of the Annotated Code of Maryland, which concerns revenue and taxes (1980 - present).

LECTURER:

First Annual State Tax Forum, sponsored by the Maryland Association of Certified Public Accountants (1979).

Course on Tax Audit Procedures, sponsored by the Maryland Institute for Continuing Professional Education of Lawyers, Inc. (1980).

Course on the Subchapter S Revision Act of 1982, sponsored by the Maryland Institute for Continuing Professional Education of Lawyers, Inc. (1983).

Course on Divorce Taxation, sponsored by the Maryland Institute for Continuing Professional Education of Lawyers, Inc. (1983).

PROFESSIONAL MEMBERSHIPS:

Maryland State Bar Association
Past Chairman, Section of Taxation

Baltimore City Bar Association
Past Chairman, Tax Legislative Subcommittee.

American Bar Association
Member, Section of Taxation.

OTHER:

Secretary and Director, Maryland Medical Research Institute, Inc., a non-profit organization formed to conduct scientific research through clinical study in the public interest.

The CHAIRMAN. There are two basic questions. First of all, have you discussed possible conflicts of interest with Judge Tannenwald?

Mr. JACOBS. Yes, I have. I sent him a statement.

The CHAIRMAN. Is there any reason of which you are aware that would preclude you from serving the office to which you have been nominated?

Mr. JACOBS. No, there is none.

The CHAIRMAN. And I also understand you have visited with our staff director, Mr. DeArment.

Mr. JACOBS. Yes, I have.

The CHAIRMAN. But you have not yet had an opportunity to visit with Mike Stern, the Democratic counsel.

Mr. JACOBS. That is correct. I intend to do that immediately following this hearing.

The CHAIRMAN. Fine. If you could work out some satisfactory time, that would be appreciated.

Mr. Jacobs, the Supreme Court recently held that interest-free loans can constitute taxable gifts of the foregone interest. Although the IRS has publicly maintained that position for many years, the suggestion has been made that it might be improper for that decision to apply retroactively. Do you have any views on the issue?

Mr. JACOBS. Well, while I may not necessarily agree with what the Supreme Court said in this particular case because there were some dissents and—there have been other cases which held otherwise—nevertheless the Supreme Court's decision is the law of the land, and I would think that the case must be applied retroactively, although possibly legislation might be introduced to make it prospectively.

The CHAIRMAN. We have discussed that briefly in the committee, and there seems to be some difference of opinion. I assume it's a matter we will have to address based on the Supreme Court's decision. If we want to change it, we will have to pass some legislation.

What do you think of the Grace Commission's recommendations to require all Tax Court cases involving less than $10,000 be considered under the simplified small tax case procedure?

Mr. JACOBS. I think that's an excellent suggestion. And I concur with Mr. Goldberg. I would welcome it.

The CHAIRMAN. It has been suggested we might deprive taxpayers of their rights if we mandated that. I think it's optional now.

Mr. JACOBS. It is optional now. And I think merely increasing the $10,000 would not change it. The taxpayer still would have that option.

The CHAIRMAN. Right. So we could just modify the Grace Commission report and leave it optional to increase the amount at least to $10,000.

Mr. JACOBS. Yes.

The CHAIRMAN. And we are always concerned about the Tax Court's backlog of cases. One of these days we will have to do something about it. You may not know what the current backlog is, but it's staggering.

Do you have any ideas on how to reduce it?

Mr. JACOBS. I think it would be somewhat presumptuous of me at this particular time to say how the Tax Court could reduce its backlog. Many people have been considering it, giving considerable

time and energies to it. Possibly if I am confirmed and after I have an opportunity to serve on the Tax Court, I will be able to answer that question.

The CHAIRMAN. I guess one way to reduce it is to get you confirmed.

Mr. JACOBS. To get me confirmed, yes, sir.

The CHAIRMAN. Reduce it by one case right off the bat probably.

Do you have anybody you would like to introduce for the record?

Mr. JACOBS. Yes, I would. I have brought with me today my brother, Joseph Jacobs, who is an attorney; and I have brought my son, Richard Jacobs, who is a student at the University of Virginia.

The CHAIRMAN. We welcome you to the committee.

And, Senator Danforth, do you have any questions?

Senator DANFORTH. I don't want to delay the confirmation.

The CHAIRMAN. We would appreciate it very much, Mr. Jacobs, if you could get together with Mr. Stern right away. We would hope we could move on your nomination this week.

Mr. JACOBS. Thank you very much.

The CHAIRMAN. Thank you, with the usual reservation, that there may be additional questions from other members who couldn't be here. If so, they will submit those in writing.

The CHAIRMAN. Last, but certainly not least in importance, we will hear from Mr. David B. Rohr, who has been nominated to be a Commissioner of the International Trade Commission.

I have letters from Chairman Rostenkowski and Congressman Gibbons, which I will place in the record, both highly recommending Mr. Rohr for this position. Unfortunately, they are both not in the city today or they would be here to personally present Mr. Rohr.

The CHAIRMAN. Mr. Rohr will bring vast experience to the job. He has served on the staff of the Subcommittee on Trade of the House Ways and Means Committee since 1974, where he has been staff director since 1980. He formerly served in the Department of Commerce, where he was Director of the Trade Negotiations and Agreements Division from 1970 through 1974. Mr. Rohr possesses an undergraduate degree in the field of business administration from Colorado State University, where he also has engaged in graduate studies.

On a personal note, I think, Dave is well known to many members of this committee from our work with the Ways and Means Committee over the years. I know that he fully understands the importance and trust the Congress reposes in the Commission, and will bear that in mind as he performs his work there.

First, we will make those letters a part of the record.

[The letters follow:]

NINETY-EIGHTH CONGRESS
DAN ROSTENKOWSKI, ILL., CHAIRMAN

SAM M. GIBBONS, FLA.
J. J. PICKLE, TEX.
CHARLES B. RANGEL, N.Y.
PORTNEY H. (PETE) STARK, CALIF.
JAMES R. JONES, OKLA.
ANDY JACOBS, JR., IND.
HAROLD FORD, TENN.
ED JENKINS, GA.
RICHARD A. GEPHARDT, MO.
THOMAS J. DOWNEY, N.Y.
CECIL (CEC) HEFTEL, HAWAII
WYCHE FOWLER, JR., GA.
FRANK J. GUARINI, N.J.
JAMES M. SHANNON, MASS.
MARTY RUSSO, ILL.
DON J. PEASE, OHIO
KENT HANCE, TEX.
ROBERT T. MATSUI, CALIF.
BERYL ANTHONY, JR., ARK.
RONNIE G. FLIPPO, ALA.
BYRON L. DORGAN, N. DAK.
BARBARA B. KENNELLY, CONN.

BARBER B. CONABLE, JR., N.Y.
JOHN J. DUNCAN, TENN.
BILL ARCHER, TEX.
GUY VANDER JAGT, MICH.
PHILIP M. CRANE, ILL.
BILL FRENZEL, MINN.
JAMES G. MARTIN, N.C.
RICHARD T. SCHULZE, PA.
BILL GRADISON, OHIO
W. HERSON MOORE, LA.
CARROLL A. CAMPBELL, JR., S.C.
WILLIAM M. THOMAS, CALIF.

JOHN J. SALMON, CHIEF COUNSEL
JOSEPH K. DOWLEY, ASSISTANT CHIEF COUNSEL
ROBERT J. LEONARD, CHIEF TAX COUNSEL
A. L. SINGLETON, MINORITY CHIEF OF STAFF

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

March 9, 1984

The Honorable Robert Dole
Chairman
Committee on Finance
U.S. Senate
2227 Dirksen Senate Office Bldg.
Washington, D.C. 20510

Dear Mr. Chairman:

I am sorry I cannot be present at your confirmation hearings Monday to introduce Dave Rohr and urge the Committee's favorable action on his nomination to the ITC. Prior commitments in my district prevent me from attending, but I want you to know of my interest in this important matter. Dave is a totally dedicated public servant who possesses extensive expertise in trade matters and would make an honest, objective Commissioner.

Attached is a statement for the record which I would like to submit in connection with these proceedings. I would appreciate your mentioning my submission and my support for this nomination at the appropriate opportunity during your hearings.

Sincerely yours,

Dan Rostenkowski
Chairman

DR/RYn

STATEMENT OF CONGRESSMAN DAN ROSTENKOWSKI
IN SUPPORT OF THE NOMINATION OF
DAVID B. ROHR TO THE INTERNATIONAL TRADE COMMISSION
MARCH 12, 1984

Mr. Chairman and members of the Committee, I regret that I cannot appear in person today to introduce David B. Rohr who has been nominated by the President to a seat on the International Trade Commission (ITC)---and to urge approval of his nomination.

This statement summarizes the reasons why I consider Dave to be one of the finest candidates for this very important position in years.

As a matter of background, Dave Rohr joined the staff of the Committee on Ways and Means as a trade advisor in 1974. He had previously held the title of Director of the Trade Negotiations and Agreements Division at the Department of Commerce where he served in a number of capacities over 13 years. For the last four years, Dave has served the Committee as Staff Director of the Subcommittee on Trade.

As his resume clearly reflects, he is one of the most experienced and knowledgeable trade experts in the Federal government.

Dave has a first rate understanding of the legislative process. He has taken ideas from their inception all the way through Subcommittee review, full Committee markup, and floor action. He is well aware of the pressures from outside interests on Congress---and is deft at divining the real issues from the confusion of debate.

He has excellent and broad contact with individual sectors of the economy---as well as individual firms within those sectors. Perhaps his most critical contribution to the Committee has been the weighing of individual appeals for trade remedies and sanctions. He has displayed a deep concern for viable industries---their markets, their potential, and their place in the scheme of U.S. trade policy.

Dave Rohr is not fettered by a particular economic ideology. He is a professional who carries no banner for protectionism or pure free trade. Rather, he approaches each situation on its merits. His advice to the Committee has been accurate and, in virutally all instances, incisive. His attention to detail is a hallmark.

He has the distinct advantage of having watched the changing current of trade policy for over two decades. He has worked with the authors and enforcers of trade law, lending a perspective

that few enjoy today. He knows the intended impact of the law as conceived---and he understands the frequent imperfections of its application.

Dave's familiarity with the International Trade Commission is as deep as it is longstanding. He understands its relation to Congress. He appreciates its independence. His experience and sense of public service render him virtually free from special interest---both political and commercial.

Dave Rohr has been a trusted counselor to the Committee as a whole and to me personally.

I trust that you, Mr. Chairman, and the Members of your Committee will discover the same qualities and abilities that I have come to appreciate during Dave's tenure on the Committee on Ways and Means, and unanimously approve his nomination.

Thank you.

PLEASE RESPOND TO:
☐ House Office Building
Washington, D.C. 20515
Telephone: (202) 225-3376
☐ 900 Zack Street
Room 910
Tampa, Florida 33602
Telephone: (813) 228-2101

JANICE STOORZA
Washington Office Manager

MARGO O'CONNOR
Tampa Office Manager

SAM M. GIBBONS
7th District, Florida

Congress of the United States
House of Representatives
Washington, D.C. 20515

WAYS AND MEANS COMMITTEE
SUBCOMMITTEES:
TRADE, CHAIRMAN
OVERSIGHT
JOINT COMMITTEE ON TAXATION

March 8, 1984

RECEIVED
MAR - 9 1984
Ways and Means
Subcommittee on Trade

The Honorable Robert Dole
U. S. Senate
Washington, D. C. 20510

Dear Bob:

I regret that I will be out of the country on official business during the confirmation hearings of Dave Rohr, and am sorry that I cannot personally testify in his behalf. I want you to know that I have worked with Dave ever since he has been on the Hill and he is a fine, honest, intelligent, hard-working individual and I think he will make an excellent member of the International Trade Commission.

Please confirm him.

Sincerely,

Sam M. Gibbons
United States Congressman

SMG:f

STATEMENT OF DAVID R. ROHR, TO BE A COMMISSIONER, INTERNATIONAL TRADE COMMISSION

The CHAIRMAN. Dave, do you have any opening statement you would like to make?

Mr. ROHR. Mr. Chairman, I don't have a prepared statement. If I could take just half a minute, I would like to say that I am deeply honored by the President having nominated me to this important position.

I am grateful to my committee chairman, Mr. Rostenkowski, for his sponsorship, and to my subcommittee chairman, Mr. Gibbons, for his strong support, and, indeed, to Ambassador Brock and his deputies for their support.

Finally, if confirmed to this position, I will look forward to continuing a good working relationship with this committee.

[The letter from the Office of Government Ethics, the résumé of David R. Rohr and answers to questions from Senator Dole follow:]

United States of America
Office of Government Ethics

Office of Personnel Management
Washington, D.C. 20415

FEB 27 1984

Honorable Robert Dole
Chairman, Committee on Finance
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by David B. Rohr, who has been nominated by President Reagan for the position of Commissioner of the U.S. International Trade Commission.

We have reviewed the report and have also obtained advice from the International Trade Commission concerning any possible conflict in light of the Commission's functions and the nominee's proposed duties. Based thereon, we believe that Mr. Rohr is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

David H. Martin
Director

Enclosure

RESUME

David B. Rohr
16821 Melbourne Drive
Laurel, Maryland 20810

Telephone:
(301) 776-4381 (h)
(202) 225-7601 (o)

EMPLOYMENT

1980 - Present	Staff Director, Subcommittee on Trade, Committee on Ways and Means, U.S. House of Representatives
	In charge of staff work on tariff and trade legislation and operations of the Subcommittee on Trade. Congressional staff advisor on U.S. trade agreements and trade negotiations. Principal staff liaison with the U.S. International Trade Commission, the U.S. Trade Representative and other Executive branch agencies responsible for administration of U.S. trade statutes and the U.S. trade agreements programs.
1974 - 1980	Professional Staff Member, Subcommittee on Trade, Committee on Ways and Means, U.S. House of Representatives
1970 - 1974	Director, Trade Negotiations and Agreements Division, Office of International Trade Policy, U.S. Department of Commerce
1961 - 1970	International Economist, Office of Commercial and Financial Policy, U.S. Department of Commerce
1959 - 1960	Supervisor, Master Scheduling Staff, Stanley Aviation Corporation, Denver, Colorado
MILITARY SERVICE	U.S. Army Military Police Corps, 1953 - 1955
EDUCATION	Colorado State University, B.S., 1958, Business Administration
	Colorado State University, M.S. candidate. 1963, Economics
	Stanford University, National Institute of Public Affairs Fellow, 1967 - 1968
REFERENCES	Personal references will be furnished upon request.

ANSWERS OF DAVID B. ROHR
TO
QUESTIONS FROM SENATOR DOLE

1. QUESTION: The Trade Agreements Act of 1979 provides that countervailing or antidumping duties shall be imposed on subsidized or dumped imports if the ITC determines that a U.S. industry is materially injured by reason of the imports. Before this injury determination is made, the Commerce Department determines whether there is dumping or subsidization, and by what margin the imported prices are unfairly affected.

A. Would you describe what is meant by "material injury?

ANSWER: Material injury is defined in section 771(7)(A) of the Trade Agreements Act of 1979 as a harm which is not inconsequential, immaterial, or unimportant.

B. Would you state what factors the Commission must consider in the determination of material injury?

ANSWER: As set forth in section 771(7) of the Trade Agreements Act of 1979, the Commission must consider the following criteria in determining whether material injury exists: (1) the volume of imports which are subject to the investigation; (2) the effect of those imports on prices in the United States of like products; and (3) the impact of those imports on domestic producers of those products.

C. Do you agree that the margin of dumping or subsidy found by the Commerce Department is not one of the factors the ITC should consider in making material injury determinations?

ANSWER: Yes, I agree. The margin of dumping or subsidy is not relevant to the question of material injury. Indeed, when the Commission makes its preliminary determination, the margin of dumping or subsidy to be found by the Department

of Commerce is not available. However, it may be one of the many factors which could be considered in determining whether material injury is "by reason of" dumped or subsidized imports, the causation standard set forth in the Trade Agreements Act of 1979.

In its report on the Trade Agreements Act of 1979, the Senate Committee on Finance stated clearly that the material injury criterion standard should be interpreted in the same manner as ITC determinations made in anti-dumping investigations from January 3, 1975, to July 2, 1979. During that period, the Commission treated the margin of dumping as one among many relevant factors to be considered in determining whether there was some causal relation-between material injury and dumped imports.

The Finance Committee report also directs the Commission to consider any economic factors it deems relevant in determining whether a U.S. industry is threatened with material injury. Large dumping or subsidy margins may, therefore, indicate that increased unfair imports are imminent.

2. QUESTION: Under section 201 of the 1974 Trade Act, the Commission determines whether increasing quantities of imports are a substantial cause of serious injury, or the threat thereof, to a domestic industry. If so, the ITC must recommend to the President what temporary duty increase or import restriction is necessary to prevent or to remedy such injury.

   A. What do you believe is the purpose of this temporary relief?

ANSWER: Section 201 of the Trade Act of 1974 is intended to provide temporary relief to domestic industries to allow them an opportunity to adjust to new competitive conditions caused by increasing quantities of imports. The Commission recommendation to the President must provide for a level of relief which is sufficient to prevent or remedy the serious injury or threat of serious injury during the adjustment period.

B. Should the ability and intent of the industry to adjust to the import competition be considered by the ITC in recommending whether and to what extent relief should be granted?

ANSWER: Section 201(b)(5) of the Trade Act of 1974 requires that in escape clause investigations the Commission must investigate and report to the President on efforts made by firms and workers in the industry to compete more effectively with imports. However, these efforts are not a precondition to relief under the statute. Also, section 203(i)(4) of the Trade Act requires the Commission to determine the probable economic effect on the industry of an extension, reduction, or termination of import relief provided under the statute. In making such a determination, the Commission must take into account all economic factors which it considers relevant, including the considerations set forth in section 201(c) of the Act, and the progress and specific efforts made by the industry concerned to adjust to import competition.

C. What is the effect of recessionary conditions on the standard of relief in section 201; i.e., is a recession likely, in your view, to be a more important cause of serious injury than increasing imports where those conditions exist?

ANSWER: Section 201 of the Trade Act of 1974 is silent with respect to a special standard for relief during recession periods. Further, the legislative history accompanying the Act contains no Congressional intent that a special standard should be applied in determining the cause of serious injury during a recession. Although in several decisions Commissioners have recognized that recession may exacerbate serious import injury, in the absence of clear Congressional guidance, the Commission has not applied a different standard of relief when recessionary conditions exist. In essence, the Commission should determine whether increasing imports are a substantial cause of serious injury regardless of the economic conditions in which a case is brought. It would be unreasonable to make relief more difficult in a recession.

3. QUESTION: Section 337 of the 1930 Tariff Act prohibits unfair methods of competition and unfair acts in the importation or sale of imported articles if the effect or tendency of those acts is to injure substantially a U.S. industry. The Commission may issue exclusion or cease and desist orders in such cases.

A. There has been some dispute in recent ITC cases over what constitutes a domestic industry eligible to petition for relief under section 337. Do you think only industries actually and solely producing the goods in question in the U.S. should have standing to petition for relief? Or might other domestic commercial activities qualify a firm for relief even if it sells imported goods?

ANSWER: Section 337 of the Tariff Act of 1930 does not define industry. Industries other than those actually and solely producing goods in the United States have standing to request relief under section 337. Presumably, therefore, any industry eligible for protection has standing to file a complaint, whether it actually manufactures in the United States or, for example, simply maintains sales, advertising and service activities within the United States. In the absence of a specific definition of industry, the Commission has not been consistent in its determinations in various cases. For example, in the Ultramicrotome Freezing Attachments case, the Commission held that a patent must be exploited by manufacture in the United States in order to find a domestic industry. On the other hand, in Certain Air Tight Cast Iron Stoves, the Commission determined that a domestic industry may be found on the basis of activities other than manufacturing, e.g., the existence in the United States of a large domestic workforce engaged in sales, advertising and service activities.

Recognizing that the purposes of section 337 include protection of U.S. commerce as well as firms from unfair acts, the term "industry" should be interpreted broadly.

4. QUESTION: Characteristic of advanced technology industries are enormous capital demands for research and development; the rapid pace of innovation; and substantial amounts of foreign government subsidization. The antidumping and countervailing duty statutes require the ITC to make an affirmative determination based on threat of material injury even if no material injury has yet occurred.

A. Do you believe the particular characteristics of advanced technology industries makes the "threat" test particularly appropriate as an injury standard?

ANSWER: The Senate Finance Committee's report on the Trade Agreements Act of 1979 states that "an ITC affirmative determination with respect to threat of material injury must be based upon information showing that the threat is real and injury is imminent, not a mere supposition or conjecture."

Further, the Congress has provided the Commission with specific guidance on how to treat advanced technological industries. The Finance Committee report states that the ITC will continue to focus on conditions of trade and competition and the nature of the particular industry on a case-by-case basis. It cites the case of an industry producing a product which has a relatively short market life and significant research and development costs associated with it as being particularly and quickly vulnerable to material injury as the result of a rapid increase in market penetration. In addition, the legislative history states that the existence of such increases in market penetration may be a particularly appropriate early warning signal of material injury in such cases.

It seems clear, therefore, that the Congress intended that the "threat standard" is particularly appropriate for dealing with advanced technological industries.

The CHAIRMAN. Good. I have the usual questions. Have you discussed possible conflicts of interest with the committee's chief counsel, Rod DeArment?

Mr. ROHR. Yes, I have, sir.

The CHAIRMAN. Have you had an opportunity to visit with Mike Stern about the same?

Mr. ROHR. I have not yet, but I will be glad to do so at any time.

The CHAIRMAN. Is there any reason of which you know that would preclude you from serving the office to which you have been nominated?

Mr. ROHR. I know of none, Mr. Chairman.

The CHAIRMAN. Senator Danforth, do you have questions?

Senator DANFORTH. Only one, Mr. Chairman.

Mr. Rohr, you will sit, will you not, on the various 201 cases that have been filed recently?

Mr. ROHR. It's my understanding that I will. Yes, sir.

Senator DANFORTH. Those cases are obviously filed in a manner so as to maximize the political pressure particularly, on the administration, once the ITC has made its recommendation.

Do you have any general philosophical comment you would like to make to the committee with respect to the handling of these cases; particularly, in the setting of an election year where there is so much focus on them?

Mr. ROHR. Well, Senator, I don't feel that I can comment in any particular substantive way on any of the cases.

Senator DANFORTH. I don't want you to.

Mr. ROHR. I would most certainly pledge to you that I will bring no philosophical bias as far as my attention to those cases is concurred. I will consider them strictly on their merits, and make decisions based strictly on those merits.

Senator DANFORTH. I think that the ITC is fortunate to have you. And their gain is a loss to the Ways and Means Committee.

Mr. ROHR. Thank you, Senator.

The CHAIRMAN. Mr. Rohr, this afternoon Senator Danforth will chair a hearing on the fiscal year budget request of the ITC. The Commission seeks a 10 percent increase over last year's budget. You have great experience in evaluating these budget requests over the past several years. Have you had a chance to look at this one, and have you made any judgment on the need for an increase?

Mr. ROHR. Yes, sir, I have reviewed it in light of my subcommittee's consideration of the various trade agency authorizations. I feel that the International Trade Commission is quite unique among agencies in our Government, in that the Commission has not increased its staff perceptively for over 30 years. The current staff level, I think, is around 438 positions.

As I understand the budget request for fiscal 1985, most of the requested $6½ million increase would go for additional investigative and analytical staff, i.e., approximately 44 new staff positions.

This, I understand, is necessitated by the vastly increased work load of the Commission. For example, I think the case load in 1981 was on the order of 150 cases. It's now over 260 cases, and is expected to go higher this year.

It seems to me, Mr. Chairman, that the requested authorization increase is most certainly one that is justifiable because of the increased work load of the Commission, which in my view is going to continue beyond fiscal 1985.

The CHAIRMAN. Do you get hazardous duty pay for going into that building over there? [Laughter.]

Mr. ROHR. I don't believe there is a budget line item for that, sir, but there might well be.

The CHAIRMAN. Is there anything being done to fix it up a little bit? We were over there and had lunch, but we didn't stay long. [Laughter.]

Mr. ROHR. I understand that the roof is being repaired so it won't fall in. Also, the rat population is fairly well under control.

The CHAIRMAN. Maybe we can work out some trade deal on those.

I guess there is not much we can do in this committee because this comes under the purview of another committee. With some trepidation we are probably going to confirm you as long as you know where you are going to work. [Laughter.]

I have some other questions that the staff thought would be interesting to ask you. [Laughter.]

They even provide me the answers. Why don't we just submit these questions to you. If you don't like our answers, you can submit your own.

Mr. ROHR. I will be glad to answer any questions, sir.

The CHAIRMAN. I suggest you like our answers. [Laughter.]

We will submit the questions in writing. If you could complete those for the record, and visit Mr. Stern, I hope we might act on your nomination this week.

Any other prepared remarks? [No response.]

If not, we are very happy to have you here today and we wish you the best of luck, and look forward to working with you.

Mr. ROHR. Thank you, Mr. Chairman. I look forward to it too.

The CHAIRMAN. Are there any other nominees? [No response.]

If not, I guess we can meet this afternoon at 2:30 to continue the markup.

[Whereupon, at 11:01 a.m., the hearing was concluded.]